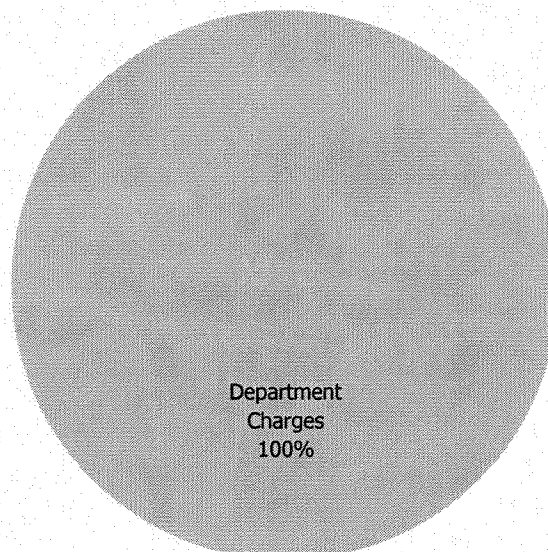


MISSION STATEMENT

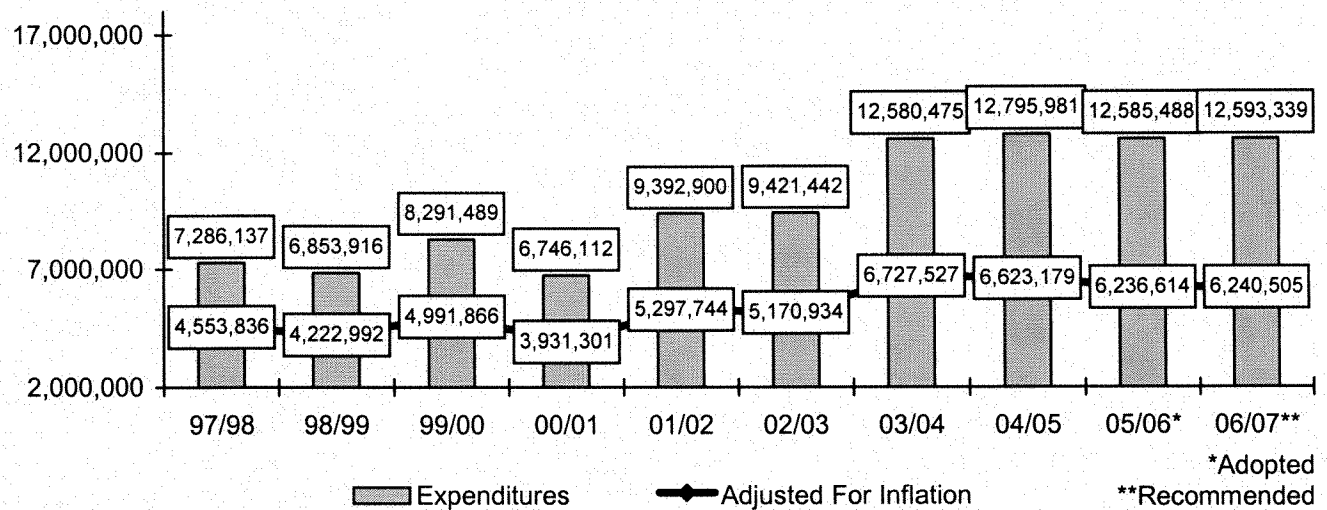
To provide high quality insurance, safety and employee benefit services at the lowest possible cost to the taxpayer.

SCHEDULE 10

OPERATING DETAIL	ACTUAL 2004-05	ESTIMATED 2005-06	PROPOSED ESTIMATES 2006-07	RECOMMENDED ESTIMATES 2006-07
(1)	(2)	(3)	(4)	(5)
REVENUES:				
OPERATING REVENUES				
Charges to Department	11,565,487	14,404,547	15,152,300	15,152,300
TOTAL OPERATING REVENUES	11,565,487	14,404,547	15,152,300	15,152,300
NONOPERATING REVENUES				
Interest	249,024	443,600	421,000	421,000
Other Income	1,402,771	0	563,878	563,878
TOTAL NONOPERATING REVENUES	1,651,795	443,600	984,878	984,878
TOTAL REVENUES	13,217,282	14,848,147	16,137,178	16,137,178
EXPENSES:				
OPERATING EXPENSES				
Services and Supplies	1,662,958	1,655,065	1,749,591	1,749,591
Overhead	483,468	693,480	233,912	233,912
Insurance	2,376,502	2,466,943	2,999,636	2,999,636
Claims	6,781,421	6,670,000	6,510,200	6,510,200
Outside Legal	1,491,632	1,100,000	1,100,000	1,100,000
TOTAL OPERATING EXPENSES	12,795,981	12,585,488	12,593,339	12,593,339
TOTAL EXPENSES	12,795,981	12,585,488	12,593,339	12,593,339
NET INCOME (LOSS)	421,301	2,262,659	3,543,839	3,543,839
FIXED ASSET EXPENDITURES				
Equipment	0	0	0	0
TOTAL FIXED ASSET EXPENDITURES	0	0	0	0

Source of Funds

10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Workers' Compensation

Provides funding for all costs associated with the County's self-insured Workers' Compensation Program, including benefit payments to eligible recipients and all administrative expenses.

Total Expenditures: \$6,610,162 Total Staffing (FTE): 0

Liability Self-Insurance

Provides funding for all costs associated with the County's self-insured Liability Program, including loss payments to resolve claims/litigation and all administrative expenses.

Total Expenditures: \$3,533,454 Total Staffing (FTE): 0

Medical Malpractice

Provides funding for all costs associated with the County's Medical Malpractice Program, including insurance premiums, deductibles, and administrative expenses.

Total Expenditures: \$300,826 Total Staffing (FTE): 0

Unemployment Insurance

Provides funding for all costs associated with the County's self-insured Unemployment Program, including benefit payments to eligible recipients and administrative expenses.

Total Expenditures: \$252,000 Total Staffing (FTE): 0

Dental Plan

Provides funding for all costs associated with the County's self insured dental plan, including benefit payments and administrative expenses.

Total Expenditures: \$1,896,897 Total Staffing (FTE): 0

DEPARTMENT COMMENTS

The Self Insurance Program consists of the following: Workers' Compensation, Liability, Unemployment Insurance, Medical Malpractice, and Self Insured Dental. Staffing information and the department narrative for these programs can be found in Fund Center 105 – Risk Management.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

For the last several years, the financial report for the County's Self Insurance Program has been bleak. Escalating expenses, coupled with falling revenue levels, resulted in a sharp decline in program reserves – particularly in the area of Liability and Workers' Compensation. In response, staff embarked on a plan to rebuild core programs and

restore reserves to financially sound levels. It was initially estimated in the 2005-06 budget that this process could take up to five years to complete. Fortunately, staff's cost cutting efforts have taken hold more quickly than anticipated and shortened this timeframe to two years. Specifically, every program in the Self Insurance Fund will enter 2006-07 with sound reserve levels.

Key highlights of 2006-07 recommendation can be found below:

▪ **Workers' Compensation**

The Workers' Compensation Program has seen a terrific turn-around in the last year. Total program liabilities, average cost per claim and temporary disability expenses – all key program indicators -- continue to decline. So much so, expenses for the Workers' Comp budget will fall by 19% from 2005-06 adopted levels, and 2006-07 department charges for the program will be lowered by \$1.6 million. The County should enjoy even greater reductions in rates come 2007-08 (and beyond) as the full impact of program changes take effect.

▪ **Liability**

Expenses for the Liability Program will increase by \$88,000 or 2% over 2005-06 adopted levels. The excess insurance premium will increase by over \$300,000 due to a continued worldwide sluggish insurance market. Lower overhead charges and outside attorney fees, however, offset this increase resulting in no significant change to the expense bottom line for 2006-07.

Department charges for the Liability Program will increase by \$1.6 million in the coming year (from \$2.8 million to \$4.4 million). By redirecting the \$1.6 million savings in 2006-07 Workers' Comp department charges to the Liability Fund, the program's revenue/expense gap will be closed and reserves restored to financially sound levels in the coming year.

▪ **Dental Plan**

Due to a sharp increase in plan usage by employees over the past 18 months, the 2006-07 Dental Plan recommendation anticipates a 25% rate hike come January 2007. This is necessary to sufficiently fund expenses and maintain a sound reserve should plan utilization levels continue. It is important to note that the 25% increase is preliminary and represents the "worst case scenario." Risk Management will continue to work with the County's broker and the Health Care Committee to evaluate the rate options available. The County's self insured dental plan is paid for by County employees; rates have not been increased in four years.

GOALS AND PERFORMANCE MEASURES

Department Goals and Performance Measures are reflected in Fund Center 105 – Risk Management.